

THE SPM CREDIT UNION

MERGER DUE DILIGENCE ESSENTIALS

MERGING PARTNER EDITION

What the merging credit union must confirm for its members, staff and community before it signs.

For the CEO, board and merger committee of the merging credit union

Surviving credit union	
Merging credit union	
Due diligence lead	
Data as of	
Review period	

How to use this checklist

- 1. Start with the numbers.** Run both charters in [THE SPM CREDIT UNION MERGER ANALYSIS](#) and review the Combined Balance Sheet. It shows what your members bring and what they join.
- 2. Ask for documents early.** Due diligence runs both ways. Request the survivor's documents under a confidentiality agreement, just as it requests yours.
- 3. Talk to people from earlier mergers.** Former directors, staff and members of credit unions the survivor absorbed are the best guide to what will really happen.
- 4. Do the critical items first.** ♦ marks the 34 items most likely to change the terms or the decision.
- 5. Get it in writing.** Close each area with a conclusion, and put every commitment to members, staff, branches, brand and board into the merger agreement.

The 11 review areas

#	Area	The question it answers	Items	Critical items
1	The Survivor's Financial Strength	Can they keep their promises to your members?	7	5
2	Regulatory Standing and Track Record	How the survivor has behaved before	5	2
3	Value to Members	What your members gain or lose	9	6
4	Branches and Community	Your local presence	5	2
5	Your People	What happens to your staff	9	5
6	Governance and Voice	Your seat at the table	4	1
7	Brand and Identity	Your name and heritage	4	1
8	Technology and Conversion	Your members' day-to-day experience	5	3
9	Vendors and Contracts	Who pays to unwind your contracts	6	2
10	The Merger Agreement	Get it in writing	6	2
11	Fiduciary Duty, Regulatory Process and Member Vote	Doing right by your members	6	5
Total			66	34

Key: **Critical items** are the reviews most likely to change the price, the terms or the decision. Do them first. Each one is marked **◆** in the review tables below.

Review areas

1. The Survivor's Financial Strength Can they keep their promises to your members?

#	Review item	What to look for	Owner	Done
1.1	◆ Audited financial statements and management letters, 3 years	Clean opinion, material weaknesses and auditor changes.		☐
1.2	◆ Call Reports, last 8 quarters	Earnings, efficiency and growth trends. Run both charters in the SPM Merger Analysis.		☐
1.3	◆ Net worth trend and combined capital after the merger	Whether your members' equity strengthens the survivor or covers its weaknesses. Check the Combined Balance Sheet after merger accounting.		☐
1.4	Earnings quality	Return on assets, reliance on fee income and one-time gains.		☐
1.5	◆ Credit quality and allowance for credit losses	Delinquency, charge-offs, concentrations and whether the reserve keeps pace.		☐
1.6	Liquidity and interest rate risk	Funding sources, borrowing reliance, unrealized securities losses and rate shock results.		☐
1.7	◆ Strategic plan and budget	Where the survivor is headed and how your members fit into it.		☐
Area 1 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

2. Regulatory Standing and Track Record How the survivor has behaved before

#	Review item	What to look for	Owner	Done
2.1	♦ Examination standing	Summary of exam results and any open Documents of Resolution or enforcement actions, shared as NCUA confidentiality rules allow.		☐
2.2	Litigation and consumer complaints	Pending suits, complaint themes and reputation in its markets.		☐
2.3	♦ Track record with earlier mergers	What happened to branches, staff, products, brand and board seats after past mergers. Talk to former directors, staff and members of those credit unions.		☐
2.4	Conversion history	Problems members faced in past systems conversions.		☐
2.5	Community reputation	Local standing, community involvement and press coverage.		☐
Area 2 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

3. Value to Members What your members gain or lose

#	Review item	What to look for	Owner	Done
3.1	♦ Product mapping	Every product you offer mapped to a survivor product. Anything that disappears.		☐
3.2	♦ Savings and certificate rates	Dividend rates against yours, and how certificates are honored to maturity.		☐
3.3	♦ Loan rates and terms	Pricing and underwriting against yours, especially for members with lower credit scores.		☐
3.4	♦ Fee schedule	Fees your members would pay that they do not pay today.		☐
3.5	♦ Member eligibility	Every current member, and select employee group, stays eligible under the survivor's field of membership.		☐
3.6	♦ Special dividend or equity distribution	Whether your higher net worth, if any, comes back to members before the merger.		☐
3.7	Account changes	New account numbers, routing number, cards, checks, direct deposits and automatic payments.		☐
3.8	Digital banking and service channels	Online and mobile features, call center hours, shared branching and ATMs.		☐
3.9	Member insurance and protection products	Changes to credit life, GAP, debt protection and account insurance coverage.		☐
Area 3 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

4. Branches and Community Your local presence

#	Review item	What to look for	Owner	Done
4.1	♦ Branch commitments	Which branches stay open, and for how long, in writing.		☐
4.2	♦ Local decision-making	Local lending authority, local leadership and a regional advisory board.		☐
4.3	Community programs and sponsorships	Which commitments continue and for how long.		☐
4.4	Charitable and foundation commitments	Scholarships, grants and foundation assets.		☐

#	Review item	What to look for	Owner	Done
4.5	ATM and service access	ATMs, drive-ups and service hours in your communities.		☐
Area 4 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

5. Your People What happens to your staff

#	Review item	What to look for	Owner	Done
5.1	♦ Employment commitments	Job guarantees and their length, and how roles are mapped.		☐
5.2	♦ Pay comparison	Salary ranges, incentives and pay grade placement.		☐
5.3	♦ Retirement plans	Vesting, service credit, employer match and pension or 401(k) transition.		☐
5.4	Health and welfare benefits	Premiums, deductibles and coverage against yours.		☐
5.5	Paid time off and seniority	Carryover of balances and recognition of years of service.		☐
5.6	♦ Severance for affected staff	Who qualifies, how much and outplacement support.		☐
5.7	Retention bonuses	For staff needed through conversion.		☐
5.8	Culture, leadership and career paths	Leadership style, training, promotion paths and staff survey results.		☐
5.9	♦ Executive roles	Titles, reporting lines and any merger-related financial arrangements, which must be disclosed to members.		☐
Area 5 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

6. Governance and Voice Your seat at the table

#	Review item	What to look for	Owner	Done
6.1	♦ Board seats for your directors	Number of seats, length of terms and committee roles.		☐
6.2	Survivor's bylaws and board elections	How directors are nominated and elected after the transition period.		☐
6.3	Advisory board or member council	Authority, membership and how long it lasts.		☐
6.4	Supervisory committee	Representation and audit oversight.		☐
Area 6 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

7. Brand and Identity Your name and heritage

#	Review item	What to look for	Owner	Done
7.1	♦ Name of the combined credit union	Survivor name, new name or yours kept as a regional brand.		☐
7.2	Brand transition timeline	Signage, cards, website and marketing, and the cost.		☐
7.3	Heritage and history	How your history, employer or community roots are honored.		☐
7.4	Trademarks and domain names	Ownership, transfer and redirects.		☐
Area 7 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

8. Technology and Conversion Your members' day-to-day experience

#	Review item	What to look for	Owner	Done
8.1	♦ Survivor's core and digital platforms	Capability against yours, and planned upgrades.		☐
8.2	♦ Conversion plan and date	Timeline, test runs, staffing and contingency plans.		☐
8.3	♦ Member impact at conversion	New logins, bill pay setup, statements, card reissue and blackout periods.		☐
8.4	Data migration and history	Transaction history, documents and statements carried over.		☐
8.5	Cybersecurity posture	Security program, incident history and recent assessments.		☐
Area 8 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

9. Vendors and Contracts Who pays to unwind your contracts

#	Review item	What to look for	Owner	Done
9.1	♦ Contracts that end with the merger	Your inventory with notice dates, and which end at conversion.		☐
9.2	♦ Termination and de-conversion fees	Who pays them, and whether they are in the merger cost budget.		☐
9.3	Auto-renewal and notice dates	Notices to send so contracts do not renew before conversion.		☐
9.4	Local vendor relationships	Local vendors, professionals and partners the survivor keeps or drops.		☐
9.5	CUSO interests	Ownership value, buyout terms and services.		☐
9.6	Prepaid amounts and refunds	Prepaid contracts, deposits and credits owed to you.		☐
Area 9 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

10. The Merger Agreement Get it in writing

#	Review item	What to look for	Owner	Done
10.1	♦ Commitments to members, staff, branches, brand and board	Every promise written into the merger agreement, with time frames.		☐
10.2	♦ Enforceability	Who monitors commitments after closing and what happens if they are broken.		☐
10.3	Representations, warranties and conditions	What each side certifies and what lets either side walk away.		☐
10.4	Merger costs and who pays	Legal, accounting, conversion, severance and member communications.		☐
10.5	If the member vote fails	Costs, timelines and obligations.		☐
10.6	Confidentiality and communications	Who says what, and when, to staff, members and the community.		☐
Area 10 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

11. Fiduciary Duty, Regulatory Process and Member Vote Doing right by your members

#	Review item	What to look for	Owner	Done
11.1	◆ Alternatives considered	Standing alone, other partners and alliances, documented in board minutes.		☐
11.2	◆ Independent analysis	Independent review of value to members, beyond the survivor's numbers.		☐
11.3	◆ NCUA and state requirements under Part 708b	Merger package, merger-related financial arrangement certification and approvals.		☐
11.4	◆ Member notice and vote	Clear reasons, effects on branches and services, the member comment website, and 45 to 90 days' notice before the vote.		☐
11.5	◆ Merger-related financial arrangements	Every increase for covered persons over the greater of \$10,000 or 15%, disclosed to members by name, title and amount.		☐
11.6	Overlapping members and share insurance	Members of both credit unions whose balances could exceed coverage after the merger.		☐
Area 11 conclusion		☐ Clear ☐ Issues to resolve ☐ Deal-breaker or renegotiate		

Red flags

Any of these should stop the merger or send it back for renegotiation. Your board's duty is to your members. Escalate as soon as one is found.

#	Red flag that should stop or renegotiate the merger	Found
R1	Combined net worth is weaker than yours today, or the survivor needs your capital to fix its own problems.	☐
R2	Commitments on branches, staff, brand or board seats that are not in the merger agreement.	☐
R3	Branches closed, staff cut or promises broken after the survivor's earlier mergers.	☐
R4	Members would pay more in fees or loan rates, or earn less on savings, with no offsetting gain.	☐
R5	Some current members or select employee groups would lose eligibility.	☐
R6	Executive or director pay increases that look like payment for agreeing to the merger.	☐
R7	Open enforcement actions or serious exam issues at the survivor.	☐
R8	A history of difficult systems conversions with no credible plan this time.	☐
R9	No meaningful board seats, local voice or advisory role for your members.	☐
R10	Your members' equity is diluted with no special dividend or other value in return.	☐

Due diligence sign-off

Decision	Result
Areas clear	_____ of 11
Areas with issues to resolve	_____ of 11
Red flags found	_____ of 10
Recommendation	☐ Recommend to members ☐ Recommend with conditions ☐ Renegotiate ☐ Do not proceed
Conditions for the merger agreement	
Items for the integration plan	
Reviewed by (name, title)	
Date	

Ready to act?

SPM leads merger due diligence for both sides, integration planning and post-merger strategic planning and execution, including a populated project management plan with every workstream, owner and milestone. To discuss what SPM can do for your credit union, email Info@SPM.Consulting.

This checklist supports the merging credit union's due diligence. It is not legal, accounting or regulatory advice. Confirm requirements with NCUA, your state regulator, auditors and counsel. Regulatory references reflect NCUA Part 708b as of October 2026.